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^Casey urges West to encourage Third World economies@

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WASHINGTON (UPI) _ CIA Director William Casey, sounding more like an economist than the nation's top spy, said Saturday the West can spoil a Soviet ''recipe of subversion'' in the Third World by encouraging a global free market.<

Casey said more nations in the developing world are moving toward democracy and freer economies because they see the Soviet economy ''grinding to a halt.''<

''They see a society where consumers spend billions of man-hours annually just standing in line,'' Casey said. ''In the Third World, Moscow increasingly finds itself on the psychological and political defensive supporting high-cost, long-term efforts'' to maintain power in governments they support.<

Casey addressed the 17th annual Leadership Conference of the Center for the Study of the Presidency in Atlanta. A copy of his remarks was released in Washington.

While opening with pointed criticism of the Soviets' arms policies, Casey spent most of his address promoting ways for Western nations and private companies to help Third World countries wean their economies from ''Soviet-style collectivism.''

''Marxism-Leninsim may be intellectually, morally and economically bankrupt, but we are not. ...'' Casey said. ''We have to come to grips with the core developmental problems of the Third World and how the West's technological ingenuity, its entrepreneurial talents and its free markets can be brought to bear there. This, of course, is the West's real ace in

To encourage the move toward capitalism, Casey said the West must help the Third World develop new technologies that will apply to a growing nation's economic strengths.

With such growth, he said, the Third World will move away from Soviet influences but the United States alone cannot do the task.

''The important thing is for the Western community to get on with the job of harnessing and utilizing the vast potential advantages at our disposal,'' he said.

''The Soviet Union may have a proven recipe for subversion and an undiluted willingness to use raw power to shore up its unpopular clients. But we in the West have an infinitely more powerful weapon _ the promise of long-term prosperity,'' he said.

Casey, who made his millions on Wall Street as a high-priced corporate lawyer, earned his reputation in Washington's financial sphere during the Nixon and Ford administrations, serving variously as head of the Securities and Exchange Commission, assistant secretary of state for economic affairs and president of the Export-Import Bank.<